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## China, Peoples Republic of

## Market Development Reports

## Leather Show Whips Into Shape

## 2005

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**Report Highlights:**

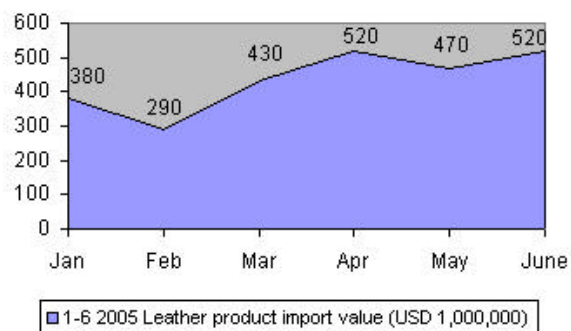
The All-China Leather Exhibition continues to be China's premier show for hides, skins and leather products. The U.S. industry revamped its efforts for the 2005 show, adopting a more aggressive profile and setting the foundation for future efforts. ATO/Shanghai provided critical support for this effort, translating the U.S. cattle hides grading manual for Chinese buyers to understand.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Shanghai [CH2]  
[CH]

## Too Big To Ignore

Driven by demand from manufacturers of bags, jackets, shoes and other leather products, China's imports of hides skins and leather products during the first half of 2005 amounted to a staggering US\$ 2.6 billion according to China Leather Industry Association. This compares with a total of \$455 million in imports during the entire year in 2003. The U.S. is the dominant supplier to China: U.S. Customs data show total exports of \$461 million for the first half of 2005 for hides and skins alone (a 13.9% increase over the period in 2004), but traders claim that the actual number is considerably higher, as a large number of hides are transshipped into China via South Korea. Hides now constitute the third largest U.S. agricultural export to China, behind soybeans and cotton.



During the past five years more Asia regional tanners and leather goods processors have relocated to East and South China. For the U.S. exporters, the China market can be divided into three parts according to their features: 1) the northern region is dominated by Korean investments, 2) the east region is controlled primarily by Chinese domestic firms, and 3) the south region is based primarily around Taiwanese companies.

## A Big Show For A Big Market

Mainland China's largest hides, skins and leather show is the All China Leather Exhibition (ACLE), held this year from Sept 7-9, in the Shanghai New International Expo Center. The show was held concurrently with the China International Footwear Fair (CIFF) and Moda Shanghai (a leather goods design show). The combination of the three events ensures that all sectors of the leather industry are catered for, from raw hides, to finished leather, to tanning machinery and chemicals, shoe making machinery, accessories and finished shoe products.

The trade show was well attended by large numbers of exhibitors from across the full spectrum of the industry. According to the show organizer (Asia Pacific Leather Fair Ltd. and the China Leather Industry Association), this year's show attracted 1,088 exhibitors from 36 countries and regions, including 21 pavilions from 16 countries allowing visitors to focus on specific geographic areas. The ACLE alone attracted 857 companies, 20% larger than 2004, and exhibition space reached 34,500 square meters, 40% larger than in 2004.

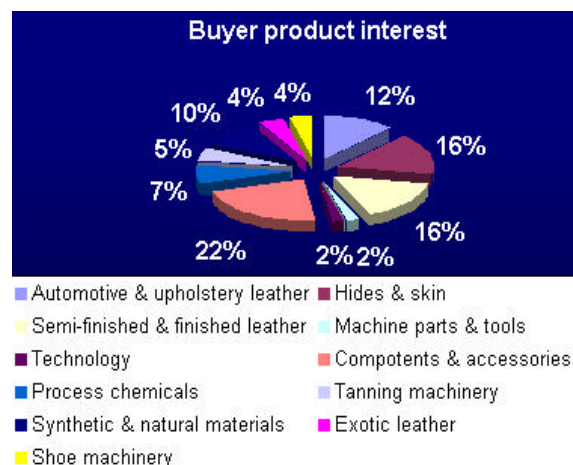
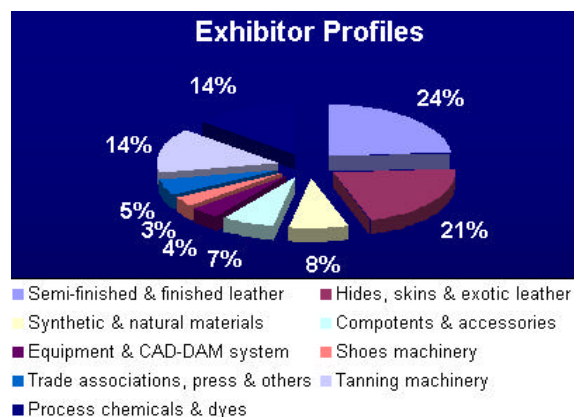
## Cooperative Effort Yields Big Results

The U.S. pavilion, organized by the U.S. Hides, Skin and Leather Association (USHSLA), embraced 23 American leather companies, most of them hides processors and traders with in-market representatives to staff their booths and facilitate business discussions.

In order to capitalize on this opportunity, the organizer arranged a series of seminars covering a wide range of topics, including material trends in leather-making, technological advances and market development. USHSLA was a key participant in these activities, organizing for the first time a Leather School – the U.S. Seminar on Buying U.S. Hides, held on Sept 8. Dick Veale, Chairman of USHSLA was present to give the introduction, and Ed Godsalve, Dennis Thams, and Chris Mullally (representatives from American hides processors and traders) introduced the U.S. hide industry's practices and standards, and presented description of U.S. hide supply, production areas, breed, and hints on sourcing hides and

making comparisons. The seminar, attended by more than 70 professional visitors, was extremely well received and marked a more engaged market development effort by USHSLA.

ATO/Shanghai provided crucial support to this effort, undertaking a major project to translate the reproduce the U.S. export grading standards manual into Chinese, which lays out in detail the specifications for exported hides, information that is crucial to enable buyers to purchase products and grades appropriate to their requirements. This is the first time this highly technical document has been translated, creating a new and important tool for marketing U.S. hides in China whose usefulness will carry far into the future. In addition, ATO/Shanghai Director Ross Kreamer moderated the USHSLA seminars. ATO's support helped to underscore the much more aggressive profile taken by the U.S. industry at this year's show.



### 2006: Be There Or Be Square

All three of the exhibitions linked to this massive show continue to grow. According to the organizer's post-event report, the 2005 event required 20% more floor space than the previous year (2004), which itself witnessed a whopping 50% growth compared to 2003. ACLE 2006, which is to be held Sept 5-7, 2006 at the same venue, saw 50% of the reserved exhibition space booked by the close of the 2005 show. Leading leather chemicals and dyes suppliers, including BASF, Buckman, Dupont and Clariant reconfirmed their participation in ACLE 2006. This augurs well for the upcoming show, which will continue to provide a good platform for U.S. leather & hides industry players seeking to enter and develop in the China market. For more details and relevant support, please contact ATO Shanghai.